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OpEd Contributor

Jim Powell: Obama's \$50 billion 'infrastructure bank' just another government pyramid

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By: Jim Powell
OpEd Contributor
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Since President Obama pushed his first “stimulus” bill through Congress a year and a half ago, private sector employment went down, and government employment went up by 214,000.

Now Obama wants to spend another \$50 billion of taxpayers’ money, so that even more people will be on public payrolls. That’s his idea of “stimulus.”

Obama envisions a government-run “infrastructure bank” to overhaul America’s transportation networks. This sounds like the kind of grandiose project politicians love to brag about – the modern equivalent of pyramids. They cost a fortune, they look great, they increase the number of government employees but do little if anything for living standards.

When Obama visited Egypt last year, he said the pyramids were “awe-inspiring.” Apparently he liked the idea of having laborers move millions of tons of rocks and arrange them in big piles to honor their rulers, the pharaohs. We can get an idea what to expect from Obama’s latest scheme by pondering more recent pyramid-type projects.

During the stagflation of the 1970s, New York City’s economy tanked, and state development officials approved a new 675,000 square foot facility that became the Javits Convention Center.

The *New York Times* reported on “the shoddy work and high bills of politically connected consultants and contractors. Complicated by a bid-rigging scandal and structural problems, the project fell two years behind schedule and was \$111 million over budget.”

Since then, notorious work rules have required Javits exhibitors to pay 40 union members when only three or four might be needed for a job. Many convention organizers have taken their business elsewhere.

In 1985, Boston’s “Big Dig” was estimated to cost \$2.6 billion, and it was scheduled to be finished by 1998. Taxpayers around the country picked up most of the tab. The project, that re-routed eight-lane Interstate 93 through a 3.5-mile long tunnel in an effort to reduce traffic congestion, was years late.

The project ended up costing \$14.6 billion, and interest on debt reportedly will push the total to \$22 billion. According to the *Boston Globe*, the project improved downtown traffic flows and induced people to drive more. Unintended consequence: “Many motorists going to and from the suburbs at peak rush hours are spending more time stuck in traffic, not less.”

Although Denver has a population of only about 2 million, local politicians convinced themselves they needed to build the country’s largest commercial airport, and it covers 53 square miles of land – twice the size of Manhattan.

Financed by federal megabucks, Denver International Airport opened on February 28, 1995, 16 months behind schedule. The tab turned out to be \$5.3 billion – 250 percent more than officials projected. It was intended to serve as a hub for three airlines, but it ended up serving mainly one, and there have been about 40 percent fewer passengers than officials projected.

How has government done with something more modest like a mail sorting facility? In the early 1990s, the U.S. Postal Service authorized spending \$199.7 million for a new Main Post Office in Chicago.

Because of poor planning and other problems, the project eventually cost \$332.9 million. The Postal Service subsequently acknowledged that despite all the money spent on the Main Post Office, Chicago suffers from the slowest mail delivery of any major U.S. city.

Or how about something really simple such as a visitor center? Members of Congress caught grandiose fever and approved a proposal for the Capitol Visitors Center. Initially budgeted at \$71 million, this became a \$621 million, 580,000 square foot shrine to spending - three-quarters the size of the U.S. Capitol itself. It opened in December 2008 and will appeal to everyone who enjoys what the *Washington Post* calls “slick pomposity.”

The latest case of political pyramid-building is the Robert F. Kennedy Community schools complex in Los Angeles, the most costly public school in U.S. history. Los Angeles officials authorized the \$578 million cost that undoubtedly contributed to the school district’s \$640 million budget deficit, forcing the district to lay off 3,000 teachers. Don’t expect all the money to improve education, though, since the district has some of the worst test scores and lowest graduation rates in the United States.

By now, we ought to know that when a politician starts touting yet another grandiose spending scheme, we must grab our wallets and run away as fast as we can.

Jim Powell is a senior Fellow at the Cato Institute and author of the forthcoming What’s Likely To Happen When Government Goes Broke.

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